Business Processes Guidebook

Module 2

Planning

APRIL 1999

MODULE 2: PLANNING
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INTRODUCTION

This course module orients you to an integral part of the Defense Contract Management Command (DCMC) Integrated Management System (IMS)—the Planning process.

Module Overview

The main topics that will be covered in this module include:

- The DCMC Business Plan, which includes the DCMC Long-Range Plan and the DCMC Performance Plan;

- How the DCMC Business Plan is developed;

- How the District and Contract Administration Office (CAO) Performance Plans are developed;

- How the Performance Plan serves as the financial plan for achieving our goals;

- How the Performance Plan is executed and updated;

- How the Performance Plan is reviewed during the year and reported on at the end of the year;

- The key players in the process; and

- The inputs to the Performance Plan at the Districts and CAOs.

Public Law 103-62

In January 1993, President Clinton announced a six-month review of the Federal government and charged Vice President Gore to lead the effort. The Vice President gathered experienced Federal employees and chartered them to identify problems and offer solutions and ideas for savings. The focus was on how government should work, not what it should do. The idea was to reinvent a government that "works better and costs less."

On August 3, 1993, President Clinton signed into law the Government Performance and Results Act of 1993 (the GPRA), Public Law 103-62. The Act is intended to provide for the establishment of strategic planning and performance measurement in the Federal government. Office of Management and Budget (OMB) Circular A-11, Part 2, provides detailed implementing guidance.

Purpose of the GPRA

The multiple and complex purposes of the GPRA are to:

- Improve the confidence of the American people in the Federal government;

- Initiate program performance reform;

- Improve Federal program effectiveness;

- Improve service delivery;

- Improve internal management; and

- Improve Congressional decision-making.

GPRA's Major Provisions

The GPRA's major provisions require Federal organizations to:

- ***Develop Strategic Plans by Fiscal Year (FY) 1998.*** Specifically, the Strategic Plan must include:

  – A comprehensive mission statement and vision statement covering the major functions and operations of the agency;

  – General goals and objectives, including outcome-related goals and objectives, for the major functions and operations of the agency;

  – A description of how the goals and objectives are to be achieved;

  – A description of how the performance goals included in the Plan shall be related to the general goals and objectives in the Strategic Plan;

– An identification of those key factors external to the agency and beyond its control that could significantly affect the achievement of the general goals and objectives; and

– A description of the program evaluations used in establishing or revising the general goals and objectives, with a schedule for future program evaluations.

- ***Develop annual Performance Plans based on the Strategic Plan, setting performance goals beginning with FY 1999.*** Each Performance Plan will:

  – Establish performance goals to define the level of performance to be achieved by a program activity;

  – Express such performance goals in an objective, quantifiable, and measurable form;

  – Briefly describe the operational processes, skills and technology, and the human, capital, information, or other resources required to meet the performance goals;

  – Establish performance indicators to be used in measuring or assessing relevant outputs, service levels, and outcomes of each program activity;

  – Provide a basis for comparing actual program results with the established performance goals; and

  – Describe the means to be used to verify and validate measured values.

- ***Submit annual Performance Reports, starting in March 2000, on actual performance compared to the goals established in the Strategic Plans.*** Performance Reports will include the following:

  – An evaluation of program performance for each of the performance indicators established in the Performance Plan for that fiscal year;

  – An assessment of the organization's actual performance compared to the performance goals established in the Performance Plan for that fiscal year, and how it supports the general goals and objectives in the organization's Strategic Plan;

  – An analysis of progress toward the goals and an explanation of any deviations experienced or problems encountered;

– A discussion of the effectiveness of any of the waiver provisions relative to program performance; and

– A summary of the findings of the program evaluation completed during each fiscal year covered by the report.

GPRA Pilot Projects

One of the more important provisions of this law is the elaborate set of pilot projects mandated over a more than five-year period to test, demonstrate, and validate the efficacy of the process on which the Federal government is embarking. The law established three phases, each with a set of pilot projects:

- **Phase 1:** A set of pilot projects was undertaken starting in FY 1994 to test and demonstrate annual Performance Plans and Performance Reports. The Office of Management and Budget (OMB) notified the Secretary of Defense on January 31, 1994, that the Department of Defense (DoD) had been designated as a pilot agency for Phase 1 of the GPRA. Within DoD, the Defense Logistics Agency (DLA) was chosen to serve as a pilot agency.

- **Phase 2:** Starting in FY 1995, a set of pilot projects was to be selected from the Federal organizations participating in the initial annual Performance Plan phase to test and demonstrate the concepts involved in managerial flexibility and accountability. These pilots were never established, and it is unlikely that any pilots will be conducted**.**

- **Phase 3:** This phase consists of a set of pilot projects on performance budgeting that were undertaken in FY 1998 and FY 1999. Budgets will indicate the outcome-related performance that would result from different levels of funding. In the absence of official policy on these pilots, they may be postponed for one or two years in order to effectively accomplish the other requirements of the GPRA.

Implementation of the GPRA

The General Accounting Office (GAO) and OMB are responsible for reporting to Congress on the results of the pilot projects and recommending whether to implement the program throughout the Federal government.

DCMC Planning and the GPRA

DCMC must manage the Command's Planning process effectively and efficiently in accordance with the GPRA. DCMC's efforts to implement performance budgeting, another key mandate of the GPRA, are dependent upon its ability to make sound planning decisions and to hold government managers more accountable for achieving results. As funding levels continue to decline and resources become more constrained, DCMC must align available resources with the performance goals that are considered the most important to its customers.

The Planning process provides the framework necessary to achieve these goals. DCMC must provide DLA with the appropriate required data for the Office of the Secretary of Defense (OSD) to perform its program oversight role. Consequently, complying with the GPRA and reporting on program results is critical to DCMC.

DCMC Planning and the IMS

In order to meet the GPRA requirements, planning must be an essential part of implementing the IMS. The Planning process helps clarify the Command's future direction and increases understanding and commitment. The Planning process reinforces DCMC's commitment to: "One Team, One Focus: Customer Focus." The intent is to have all employees within DCMC working together to achieve the same goals and objectives. The process integrates the Command strategies, processes, and resources.

PLANNING HIERARCHY

Exhibit 2.1 depicts the DLA Planning Hierarchy. DLA's Strategic Plan sets the guidelines and direction for Headquarters (HQ) DCMC to develop the DCMC Business Plan. The DCMC Business Plan sets the guidelines and direction for the District and Contract Administration Office (CAO) Performance Plans.

HO DLA

DLA Strategic Plan

DLA Performance Plan	-GPRA Requirements
-Mission, Vision, Values	-Goals
-Core Competencies/Capabilities	-Objectives
	-Employee's Roles

DCMC Performance Plan
"One Plan
Across the Command"

HO DCMC

DCMC Business Plan

DCMC Long Range Plan	DCMC Performance Plan/Contract
-Mission, Vision, Values	-Performance Goals
-Goals & Objectives	-Customer-Focused Metrics
-GPRA Requirements	-Budget Formulation

Key Players:

EC
RUC
BPT
  Planning Team

DISTRICTS/CAOs

District/CAO Performance Plan/Contract

Performance Goals & Strategies	-Unit Self-Assessment (USA)
-Resourcing (FTEs)	-Gap Analysis
-Budget Formulation	-Internal Customer System
-Budget Execution	-Management Reviews

**Exhibit 2.1 DLA's Planning Hierarchy and the Integration
of Strategic and Performance Plans**

Planning at HQ DLA

DLA Strategic Plan   DLA develops a Strategic Plan (three- to five-year plan) adhering to the requirements of the GPRA. The purpose of the Strategic Plan is to define DLA's mission, vision, values, goals, and objectives. It also includes metrics to measure progress.

DLA provides planning guidance and direction to DCMC and the other DLA organizational entities through the Agency's Strategic Plan. The DLA Strategic Plan sets the guidelines and direction for HQ DCMC to develop the DCMC Business Plan.

DLA Mission and Vision

As stated in the DLA mission statement, the organization's purpose is *"To provide acquisition and focused logistics support to America's Armed Forces in peace and war—around the clock, around the world."* DLA's mission is the cornerstone of its Strategic Plan. DLA's vision is *"To be America's logistics combat support agency...the warfighter's choice for integrated life cycle solutions through teamwork and partnership."*

DLA Strategic Goals

The goals of DLA are to:

1. Consistently provide responsive, best value supplies and services to our customers;

2. Serve as a catalyst for the Revolution in Business Affairs and acquisition reform;

3. Ensure our workforce is enabled to deliver and sustain world class performance;

4. Rapidly exploit technology to provide agile, responsive, interoperable solutions; and

5. Aggressively pursue partnerships with industry and our suppliers.

Planning at HQ DCMC

DCMC Business Plan

DCMC develops the Business Plan based on the DLA Strategic Plan and direction from the DCMC Executive Council (EC). The DCMC Business Plan contains the following parts:

- Commander's Message,

- Part A - Foreword,

- Part B - DCMC Long-Range Plan,

- Part C - Performance Plan, and

- Part D - Budget Formulation Guidance.

The Long-Range Plan specifies the Command's mission, vision, goals, and objectives that serve as the basis for performance over the next three to five years. The annual Performance Plan contains one-year performance improvement targets and investment activities that drive day-to-day performance.

There is only one Agency Strategic Plan—the DLA Strategic Plan. DCMC's Long-Range Plan sets forth the Command's strategic direction in support of the DLA mission, vision, goals, and objectives. DCMC has one Long-Range Plan. DCMC, as the corporate headquarters, establishes the Command mission and vision statements and the long-range goals and objectives. There is one Performance Plan across the Command. DCMC also establishes the annual performance goals that contribute to achievement of the long-range goals and objectives. Districts and CAOs do not develop strategic plans; however, they must engage in long-term thinking through environmental scanning to better accomplish mission and financial planning. Districts and CAOs do not develop performance plans different that the DCMC Performance Plan, instead they supplement the DCMC Plan with strategies/tasks determined necessary to manage locally. For more information on supplementing the Performance Plan, refer to Part C of the Business Plan and the "Supplementing the Performance Plan" section in this module.

DCMC Long-Range Plan

The DCMC Long-Range Plan is the product of an iterative strategic planning process. The process begins annually in October with an in-depth environmental assessment to validate the strategic direction of the Command. The environmental assessment is facilitated by the Headquarters Planning and Programming Team under the oversight of the Business Process Team (BPT).

The scenario resulting from the environmental assessment addresses issues which can impact resources available for the core contract management mission, such as:

- The acquisition environment of DoD,

- Defense planning guidance,

- Customer focus in the future, and

- Industry strategies to succeed in the future.

The strategic planning scenario provides the framework for executive-level planning meetings. During these meetings, the DCMC EC supplements and/or changes the scenario, assesses the impact on DCMC, validates the Command's mission, vision, goals, and objectives, and provides planning guidance.

The Planning Team, under the cognizance of the BPT, participates in the development of the DCMC Long-Range Plan. The EC establishes the key components of the Long-Range Plan. The Plan is submitted to the DCMC Commander who either approves or makes changes to the Plan. When

approved, the Plan is published and provides the basis for both the DCMC Business Plan and the Program Objectives Memorandum (POM).

The POM is a long-term resourcing plan for the Command. It addresses policies and guidance issued during the Planning process and translates that guidance into dollars and staffing for the next five to seven years.

DCMC Mission and Vision

DCMC's mission is *"To provide customer-focused contract management services--throughout the acquisition life cycle--around the clock, around the world."* DCMC's vision is *"DCMC people, teaming to provide world class contract management services--now and into the 21st century."*

DCMC Goals and Objectives

Accordingly, DCMC's goals and objectives are:

Goal 1: Deliver great customer service.

    Objective 1.1: Provide the right item at the right time for the right price.

    Objective 1.2: Team with our business partners to achieve customer results.

Goal 2: Lead the way to efficient and effective business processes.

    Objective 2.1: Serve as a catalyst for the revolution in business affairs.

    Objective 2.2: Accelerate acquisition reform by applying commercial processes and practices.

    Objective 2.3: Leverage information technology to improve business results.

Goal 3: Enable DCMC people to excel.

    Objective 3.1: Invest to develop and sustain the right talent.

    Objective 3.2: Build and maintain a positive work environment.

DCMC Performance Plan

The Business Plan also contains the DCMC Performance Plan. The Performance Plan is comprised of annual performance and investment goals that drive the Command's day-to-day performance toward achievement of the long-range goals and objectives.

Under each of the objectives, performance and investment goals have been established as performance improvement targets and investment initiatives that represent the current year's contribution to the attainment of the goals in the DCMC Long-Range Plan.

**Planning at Districts
and CAOs**

*Supplementing the
Performance Plan*

In keeping with the "One Team, One Focus: Customer Focus" philosophy, DCMC has "One Performance Plan Across the Command." DCMC field organizations develop their individual Performance Plans by supplementing the DCMC Performance Plan (Part C of the DCMC Business Plan) at the prescribed level.

In the past, Districts and CAOs were requested, as a minimum, to supplement the plan with two Areas for Improvement (AFIs) resulting from the Internal Customer System survey and selected "gaps" from the Unit Self-Assessment and Internal Operations Assessment results. Districts and CAOs also had the option of adding organization-specific activities, improvement initiatives, performance metrics, and/or customer-driven requirements that the organization used locally to manage its operations. Several CAOs did exactly what was required of them at the minimum level and others supplemented further to assist their organization in understanding their role in achieving the Command-level goals and objectives.

However, all organizations are requested to improve the process by which the Performance Plan is supplemented by developing a District/CAO Supplemental Strategy for each of the performance/investment goals that are applicable to that organization.

The District/CAO Supplemental Strategy may consist of organization-specific activities, improvement initiatives, performance metrics, and/or customer-driven requirements that reflect the organization's local operations, while also impacting/supporting the Command-level performance/investment goals and objectives. These organization-specific activities may come from a variety of sources, such as current Management Review performance results, Unit Self-Assessment gap analysis, Internal Customer System AFIs, Management Control Review results, the Annual Statement of Assurance, Internal Operations Assessments, and Supplier Risk Management Program results. This supplementation process ensures that all efforts, though individually tailored by the field organization, are in alignment with **and focus on** the Command's performance/investment goals and objectives.

For those performance/investment goals applicable to the field organization, the following format for supplementing the DCMC Performance Plan is provided:

District/CAO Supplemental Strategy (Performance Goal x.x.x/ Investment Goal x.x)

The following items are examples of what should be contained in the CAO/District Staff Supplemental Strategy:

(1) A statement that reads, This organization WILL MEET the performance or investment goal as stated in the DCMC Performance Plan, **OR**
(2) This organization WILL NOT MEET the performance or investment goal as stated in the DCMC Performance Plan (Note: State the proposed target level of performance and the rationale/conditions for not meeting the Command-level target), **OR**
(3) The following task(s) are in support of Unit Self-Assessment AFIs (list tasks), **OR**
(4) The following task(s) are in support of Internal Customer System AFIs (list tasks), **OR**
(5) The following task(s) are in support of AFIs resulting from Management Control Reviews, the Annual Statement of Assurance, Internal Operations Assessment findings, etc., **OR**
(6) The following milestones are scheduled in support of this performance/ investment goal.

The above are examples of what might be included in a supplemental strategy. CAOs and Districts can include anything in their strategy that will assist them in achieving the Command-level performance/investment goals.

Field organizations should supplement the DCMC Performance Plan under the specific, appropriate performance or investment goal. This means that, except for the strategies/tasks discussed below, supplementation should be tied back to a specific existing performance/ investment goal.

To accommodate the addition of field organization strategies/tasks relevant to assessment results and/or unique customer-driven requirements, which do not clearly fit under any other performance/investment goal in the Performance Plan, a strategy block has been included under each of the seven objectives. The field organization must determine which of the seven objectives the strategy best supports. The PLAS code alignment in the Performance Contract may help you find the appropriate objective once you have identified the PLAS code for the process to which the improvement effort is linked.

The field organization supplemental strategies must be submitted at the same time as the Performance Contract.

Updating the Performance Plan

DCMC's annual Performance Plan is a "living" document that must be continually updated to keep pace with changes that occur in the Command's internal and external environments. Since the Performance Plan serves as the focus of the Mission Management Reviews (MMRs), the accuracy and timeliness of reporting is dependent upon the Plan reflecting the most up-to-date information.

All changes to the Performance Plan, regardless of their origin, must be submitted to the HQ DCMC Planning and Programming Team, which maintains configuration control over the Plan. All changes to the Plan are subject to final approval by the DCMC EC. Changes to the current year's Plan can be submitted at any time during that Plan's execution.

An official updated Performance Plan is published as necessary (at least quarterly). The updated Plans are disseminated under a cover memorandum signed by the DCMC Commander. The updated Plans are also posted to the DCMC Home Page on the World Wide Web.

Recommendations for changes to the Performance Plan can originate within the Headquarters or in the field as follows:

- The Headquarters performance/investment goal owners are charged with updating, as necessary, the parts of the Plan for which they are responsible (subject to concurrence by the respective Executive Director).

- The District and CAO staffs can recommend changes and/or request clarifications as follows (subject to concurrence by the respective District Commander):

  – Changes in Performance Plan structure and information standards should be submitted through the District Planning Team representatives.

  – Changes in functional (operational or business) content can be submitted through the following vehicles:

    < Functional channels (that is, from the CAO process champion through the District process champion to the Headquarters process owner);

    < The management review process (that is, from District Commanders to the Headquarters staff); and/or

    < Other established forums, such as the BPT or Operations Chiefs meetings.

    – Changes in functional content should be coordinated with the District Planning Team representatives for informational purposes. All changes in functional content are subject to concurrence by the respective Headquarters Executive Director.

Management Reviews

DCMC assesses organizational performance on an ongoing basis throughout the fiscal year. The management review process is the Command's vehicle for assessing organizational performance. Management reviews are conducted at Headquarters DCMC, the Districts, and the CAOs. The Command reviews and analyzes performance data monthly and reports on the results quarterly via three types of reviews:

1. Mission Management Reviews (MMRs),

2. Financial Management Reviews (FMRs), and

3. Special Management Reviews (SMRs).

MMR

The purpose of the MMR is to track performance improvement against non-financial targets set annually in the DCMC Performance Plan. Feedback is provided on progress toward specific targets. Baselines and performance trends are evaluated to set future years' goals and performance targets and to recognize opportunities for reengineering, cost savings, and potential efficiencies.

A summary of the rating criteria (color coding) as it applies to performance and investment goals follows (refer to *One Book* Chapter 6.2.2, Management Reviews, for more information on the management review process):

- **GREEN:**

    - **Performance Goal -** The approved performance target for the specific month was met or exceeded. (The target performance level for any specific month is derived from the plan for improved performance from the start of the fiscal year to the planned completion date.)

    - **Investment Goal -** The target activity (for example, milestones in the implementation plan) for the specific month was accomplished or exceeded. (The target activities are derived from the investment goal project/task/milestone plan.)

- **YELLOW:**

    - **Performance Goal -** The approved performance target for the specific month was not met but performance was within 10 percent of the target for the specific month.

–   **Investment Goal -** The target activity (for example, milestones in the implementation plan) to date was not met but performance was at least 90 percent complete.

• **RED:**

–   **Performance Goal -** The approved performance target for the specific month was not met. Actual was more than 10 percent less than what was planned.

–   **Investment Goal -** The target activity (for example, milestones in the implementation plan) was not met. Actual was less than 90 percent of what was planned.

FMR   The purpose of the FMR is to assess financial, unit cost, and resource management performance indicators. A summary of the rating criteria (color coding) as it applies to financial goals may be found in *One Book* Chapter 6.2.2, Management Reviews, and Module 4 - Assessment and Feedback.

SMR   SMRs are conducted to review topics requiring special management attention and to review the status of Headquarters implementation plans that support the Performance Plan (for example, Information Technology Plan, Customer Satisfaction Plan, and Training Plan).   More details on SMRs may be found in *One Book* Chapter 6.2.2, Management Reviews, and Module 4 - Assessment and Feedback.

Employee Involvement

PLAS Codes   The easiest way to track how each individual employee links to the Performance Plan is through the Performance Labor Accounting System (PLAS). The labor hours expended on each process performed by DCMC employees are tracked in PLAS. Each PLAS code represents a mission or support process, that is, a service DCMC provides. PLAS codes are aligned with the performance and investment goals and the objectives in the Performance Plan. Therefore, by identifying the PLAS codes for the processes you perform in the Plan, you can see where your efforts support DCMC's goals and objectives.

Whether working on planning and budgeting functions or directly supporting DCMC's customers, everyday your work ultimately supports the Command's contract management mission. The time you input into PLAS ultimately impacts the funding received by DCMC. The plans and budgets your commanders, team leaders, and supervisors develop roll up to form overall DCMC requirements.

PLAS information is a key tool used to estimate the hours required to maintain a specified performance level and to track the hours actually expended. This information is compared to the performance levels achieved, as tracked in the DCMC Metrics System, to determine the costs of achieving those performance levels. PLAS information is compared to work count information, and refined by the Unit Cost Team, to identify and track the cost of doing business. Your inputs to all these data systems are critical to the business decisions being made within the Command.

As the data in these systems becomes more up to date, you will be able to track your team's influence on performance levels, its cost effectiveness, and the support your organization gives DCMC as a whole.

DEVELOPING THE DCMC BUSINESS PLAN

DCMC receives DLA/DoD strategic guidance

DCMC Executive Council provides strategic direction (mission, vision, goals, and objectives)

HQ DCMC staff offices develop annual strategy (perf./invest. goals)

Planning Team drafts DCMC Business Plan

BPT reviews Business Plan, develops FTE allocations & funding targets, and makes recommendations to the RUC

RUC approves — No → Adjust

Yes

RUC submits Plans/Budgets to DCMC Commander

Cdr approves — No → Adjust

Yes

HQ disseminates DCMC Business Plan

DCMC organizations develop Performance Plans, Performance Contracts, and Budgets

Refer to District and CAO sections for detailed process information

BPT prioritizes and adjusts Performance Contracts and Budgets; recommends to RUC

RUC approves — No → Adjust

Yes

RUC submits Performance Contracts and Budgets to DCMC Commander

Cdr approves — No → Adjust

Yes

HQ and DCMC organizations revise Performance Contracts/Budgets and execute to approved plan
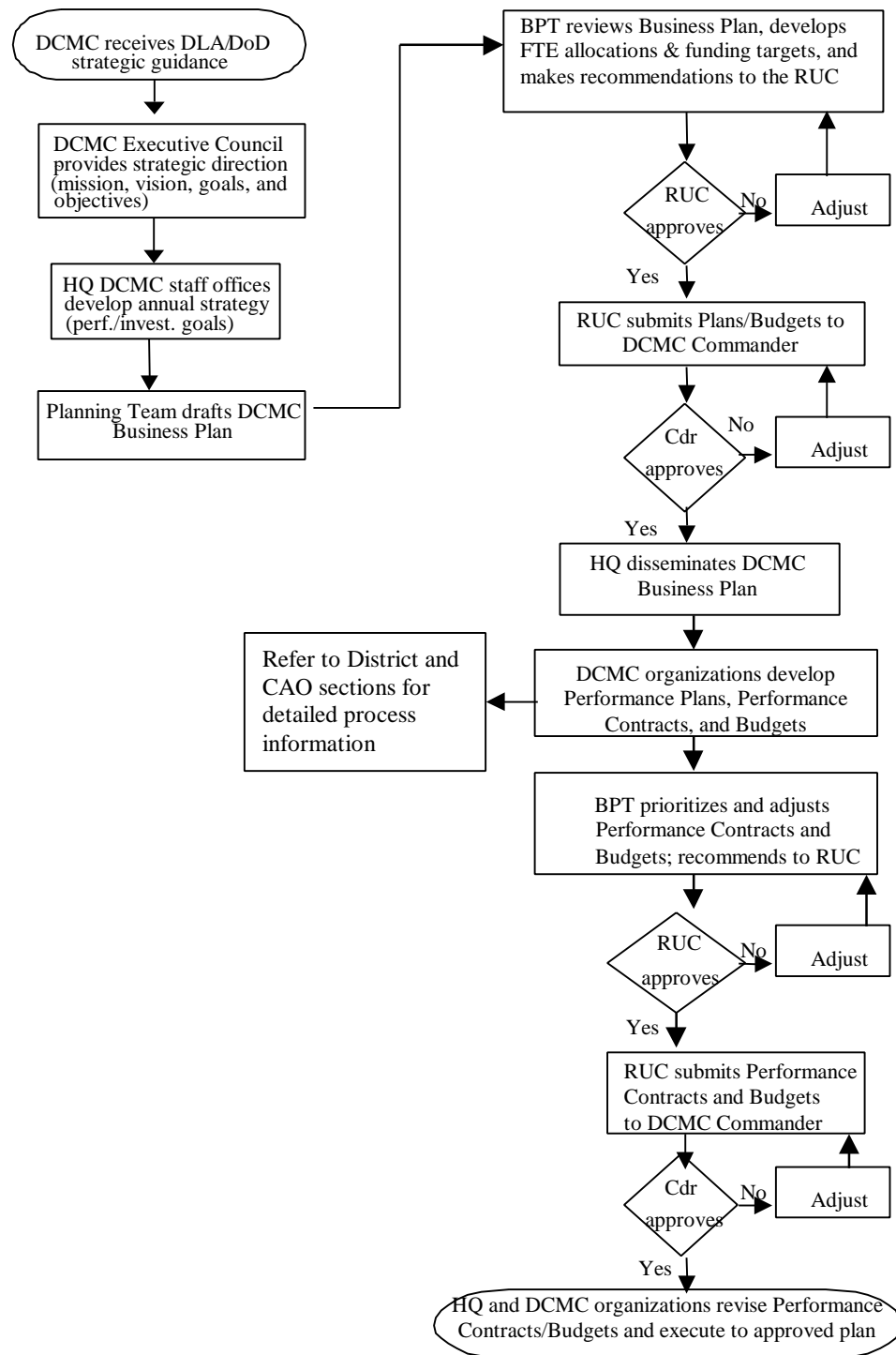
Exhibit 2.2 Development of the DCMC Business Plan

From Guidance to Plans   As depicted in Exhibit 2.2, with the publication of the DLA Strategic Plan, the DLA Director deploys strategies and objectives and provides guidance to DCMC and the other DLA organizational entities. The DCMC EC reviews the DLA guidance and develops strategic direction (mission, vision, goals, and objectives). The HQ DCMC staff offices develop annual performance and investment goals. The DCMC Planning Team (whose membership and roles are defined in Module 1 – IMS Overview) facilitates the acquisition of content materials and coordinates the development of the Business Plan with Districts and field organizations. The Planning Team incorporates feedback, finalizes the plan, and submits it to the BPT.

Since the advent of the GPRA, planning must be linked with the budgeting process with an emphasis on results-oriented management. The Business Plan is reviewed by the BPT to determine available dollars, and by the Resource Utilization Council (RUC) to determine available Full-Time Equivalents (FTEs). Program Budget Decisions (PBDs) and the POM serve as inputs during this process.

Once the BPT concurs with the Plan, it is forwarded to the RUC for review and endorsement and is then forwarded to the DCMC Commander for approval. The Business Plan is disseminated to Headquarters offices, Districts, and CAOs at an annual Business Plan Workshop. HQ DCMC, Districts, and CAOs plan performance and spending to match DCMC's performance targets by developing individual Performance Plans and Performance Contracts. The CAO Performance Plans, Performance Contracts, and budget documents are forwarded to the Districts for analysis and negotiation, and the District Performance Plans, Performance Contracts, and budget documents are forwarded to DCMC for analysis and negotiation. DCMC, in concert with the BPT, negotiates and adjusts the Contracts and budget documents as needed and makes recommendations to the RUC. Once endorsed by the RUC, the adjustments are submitted to the DCMC Commander for approval. Once approved, DCMC organizations execute to their approved plan. (Note: The DCMC Performance/Resource Review, Negotiation, and Approval process will be added to this module in a future update of the Business Processes Guidebook.)

Execution of the Performance Plan   During execution of the Performance Plan, the status of progress against the performance and investment goals or tasks in the Plan and resource management is reviewed at all levels of the organization through the MMR, FMR, and SMR process. An annual Performance Report describing planned versus actual performance is required by the GPRA at the end of each fiscal year. The DCMC annual Performance Report is prepared at Headquarters DCMC with input from the Districts.

SUMMARY

The DCMC Planning process is ongoing and involves both long- and short-range planning. It is important to ensure that all requirements of the GPRA are met when developing these plans. The DCMC Business Plan is a living document that must keep pace with the internally and externally driven changes experienced by the Command. It is a tool to help managers prioritize resources to meet organizational goals. The process must have the commitment of all senior leaders, and that commitment must be communicated to all levels within the organization.

- To learn more about the RUC, the BPT, the EC, and the Planning Team, refer to Module 1 – IMS Overview.

- To learn more about Resourcing and Budgeting, refer to Module 3.

- To learn more about Assessment and Feedback, refer to Module 4.

DISTRICT PLANNING PROCESS-OVERVIEW

The District and CAO Performance Plans directly support the DCMC Business Plan and the DLA Strategic Plan. The DCMC Planning process eliminates a lot of false starts and keeps all DCMC employees focused on the same mission and vision, so that results don't fall short of the established goals.

Exhibit 2.3 outlines the Planning process and the closely linked Budgeting process that occur at each District.
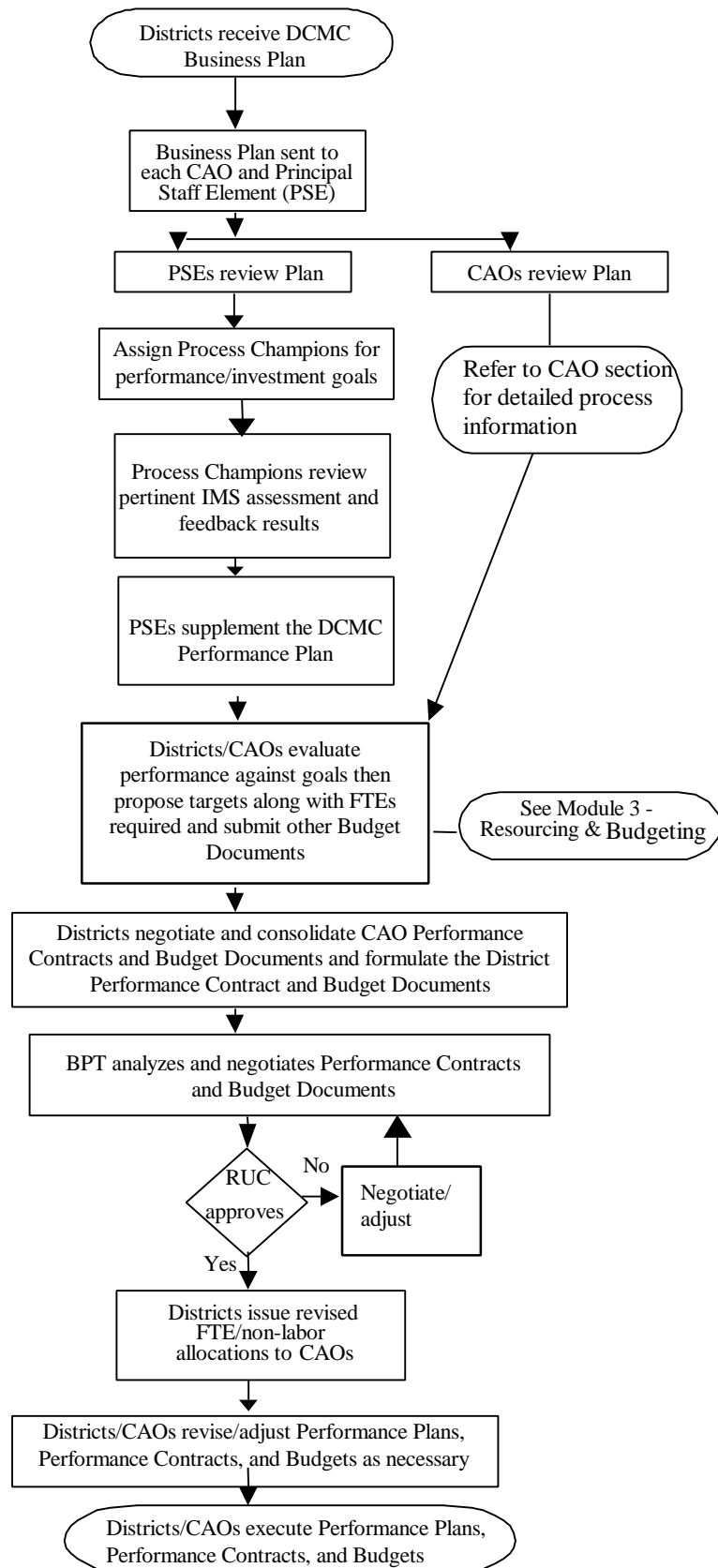
Exhibit 2.3 The District Planning Process

Planning and Budget Guidance

The District's Planning and Budgeting processes begin in March of the current year when representatives of all three Districts and the CAOs (DCMC-wide) attend a formal Business Plan Workshop to discuss the Business Plan and associated District and CAO requirements. This Workshop is usually four days in duration. Part C of the Business Plan is the DCMC Performance Plan. This Performance Plan is considered every DCMC employee's plan—"One Plan Across the Command...One Team, One Focus: Customer Focus." The DCMC Performance Plan is the basis for developing the individual District Performance Plan. During the Business Plan Workshop, each District meets separately to go over individual requirements for Performance Plan, Performance Contract, and budget development.

The function of the District staff is two fold at this time. One part of the process covers the roles the Districts play in deploying the DCMC Business Plan, while the other is very much the same as at a CAO since District Directorates follow a process similar to the CAOs in preparing an annual Performance Plan (refer to section on "Supplementing the Performance Plan").

Reviewing the Plan; Negotiating Performance Contracts

After the Workshop, the Business Plan is forwarded to all District Directorates, Personal Staff, and the CAOs. The Districts and CAOs review all applicable performance and investment goals and assign process champions. This is the beginning of the supplementation process. The Planning and Resource Management Directorate and the Operations Support Directorate negotiate individual Performance Contracts with the CAOs and Principal Staff Elements (PSEs) (see Module 3 - Resourcing and Budgeting).

Everyone's Performance Plan

The Planning Program Manager, along with the DCMC Planning Team members at each District, conducts meetings with all Group Leaders, Team Leaders, and process champions to review the District requirements and address any concerns. This is the beginning of the formulation of a consolidated District Directorate plan, which is very similar to the CAO process.

Identifying Areas for Improvement

Process champions review pertinent IMS assessment and feedback results, such as Management Review results, Internal Operations Assessment and Assessment Reporter results, Management Control Review and Annual Statement of Assurance results, as well as Unit Self-Assessment and Internal Customer System results. The process champions then supplement the DCMC Performance Plan with strategies/tasks to improve gaps in performance identified by these assessment tools (refer to "Supplementing the Performance Plan"). Management system gaps identified by the Unit Self-Assessment and the Internal Customer System, along with any material weaknesses identified by the Management Control Review process, are compiled, analyzed, and prioritized. The District senior leadership meets to review the list of gaps and select those few, highest priority gaps that will give the greatest return on investment across

the entire management system for inclusion in the annual Performance Plan.

Employee Survey   DCMC requires that two of the gaps selected for inclusion in the Performance Plan must come from the Internal Customer System results. The decision as to which two areas for improvement will be selected for action should consider the degree to which a difference can and will be obtained and whether the effort will be sustainable. This means targeting the processes, procedures, systems, and/or tools that enable employees to perform at their highest level. Once the choice is made, teams are formulated and initiatives developed to implement and complete all recommended changes prior to the end of the fiscal year. The organization supplements the Performance Plan with the specific improvement strategies/tasks, and the milestones for improvement are tracked at the local management reviews through which Performance Plan progress is assessed.

PLANNING LINKS TO BUDGETING

The identifiable links between planning and budgeting are the District and CAO Performance Plans and Performance Contracts. Each District and CAO Performance Plan provides a description of the performance and investment goals that set the Command's annual priorities in support of the three goals in the DCMC Long-Range Plan. The Performance Contract identifies negotiated target levels of performance and the associated resources (FTEs) required.

Determining Targets   The Districts and CAOs allocate labor targets called FTEs against PLAS processes. This is accomplished using historical PLAS data. Historical PLAS data are used as a method of estimating current hourly expenditures by process, which are then rolled up to the CAO and District levels. PLAS processes are aligned to specific performance goals or to one of the long-range objectives in the Performance Contract.

PLAS Hours

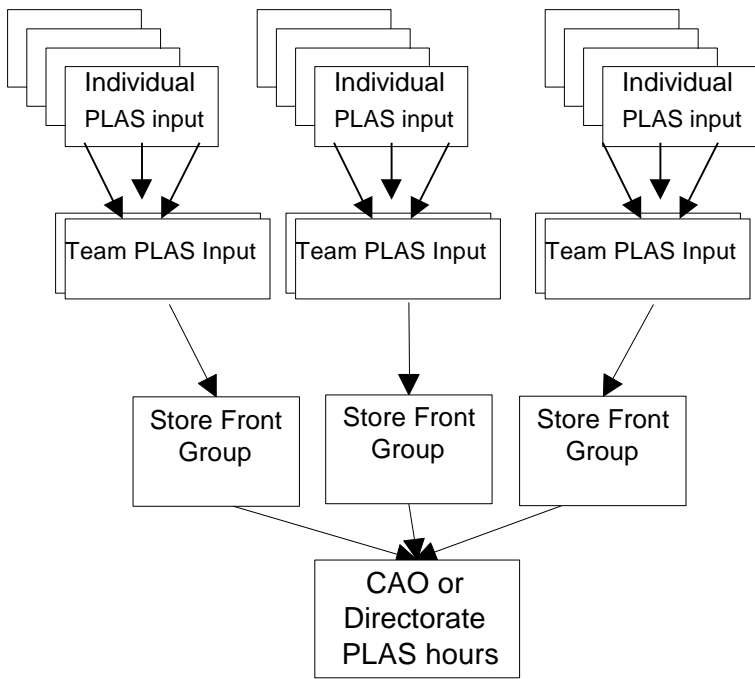Exhibit 2.4 is a diagram of PLAS hour roll up beginning with the individual PLAS user.

Exhibit 2.4 Diagram of PLAS Hour Roll Up

DCMC Total PLAS Hours

Exhibit 2.5 begins where Exhibit 2.4 leaves off, at the CAO aggregate level. PLAS hours are allocated against processes and non-labor targets are allocated against object class categories concurrently during the performance budget development process. The addition of labor and non-labor figures comprises the total organizational budget.
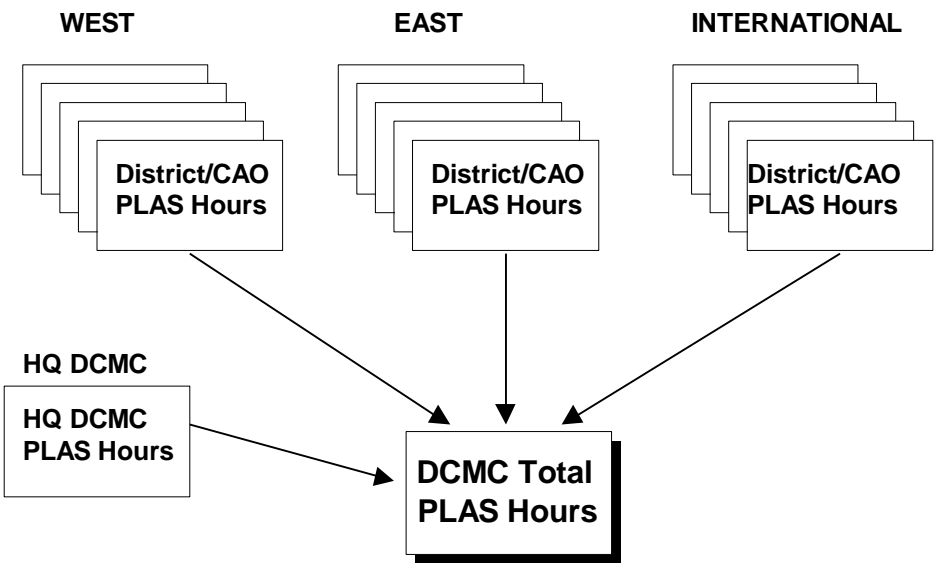

Exhibit 2.5 DCMC Total PLAS Hours

Formulating the District Performance Plan, Performance Contract, and Budget

The Districts consolidate the District Headquarters and CAO results of the planning, budgeting, and negotiation efforts. The Districts negotiate with their CAOs first and try to accommodate the requirements internally. (Note: The District to CAO Performance/Resource Review, Negotiation, and Approval process will be added to this module in a future update of the Guidebook.) The Districts then formulate a District Performance Plan, Performance Contract, and Budget. The District Performance Plans, Business Cases, Budgets, and Performance Contracts are forwarded to the BPT, which, in turn, analyzes and negotiates District proposed performance and spending levels. If the BPT recommends changes to a District submission, the District notifies the affected CAOs (if any), and they revise the documents accordingly.

The BPT forwards recommendations to the RUC for approval. If approved, Districts issue revised FTE and/or non-labor allocations to the CAOs. The CAOs then revise their Performance Plans and Performance Contracts and begin or continue execution.

DISTRICT KEY PLAYERS

The following is a list of the key participants and their roles in the Planning process at the District level.

District Commander/Deputy:

- Approve the District consolidated Performance Plan, Performance Contract, and Budget, setting the direction and priorities for the District;

- Review progress against planned actions at least quarterly and review critical performance objectives at the MMR;

- Review District Plan progress and performance and recommend resource and/or performance adjustments at the District level;

- As members of the RUC, are involved in the Command-wide review of Plan progress and performance and recommend resource and/or performance adjustments at the DCMC level; and

- Approve Business Cases for CAOs within the RUC ground rules and recommend Business Case decisions to the RUC.

Directors:

- Review and monitor applicable performance and investment goals based on team leader and process champion analysis and recommendation;

- Facilitate the intra-District resource and performance tradeoff decisions;

- Negotiate Performance Contracts with CAOs; and

- The Directors of Operations Support and Planning and Resource Management recommend resource and/or performance adjustments at the DCMC level as members of the BPT.

Group Leaders/Team Leaders:

- Review and monitor applicable performance and investment goals, recommend resource adjustments based on performance trends and changes in workload or work environment, and recommend performance tradeoffs if necessary.

Union Representatives:

- Review and provide feedback on the labor relations portion of the Performance Plan.

District Planning Team Members:

District Planning Team members include the District Planning Program Manager, District Budget Representative, and District Operations Representative. They:

- Participate in the development of the DCMC Business Plan;

- Receive and consolidate CAO planning feedback;

- Facilitate the standard District process for development, deployment, and execution of the Performance Plan;

- Develop the District Performance Plan; and

- Translate the DCMC Business Plan to CAOs.

Budget/Management Analysts:

- Assist in Budget formulation and Performance Contract development for both the DCMC Business Plan and the District Performance Plan.

Process Champions:

- Review and consolidate CAO performance projections for input into the DCMC Business Plan and the District Performance Plan;

- Determine root cause analysis for performance that is out of tolerance and develop corrective action plans; and

- Provide process oversight for District and CAO processes.

Senior Functional Advisors (SFAs):

- Provide functional assistance by working closely with functional specialists and team leaders.

Metrics Program Manager:

- Manages the performance data used to develop, review, assess, and update the DCMC Business Plan and the District Performance Plan.

USA Program Manager:

- Consolidates gap analysis information used to develop the DCMC Business Plan and the District Performance Plan.

ICS Coordinator:

- Ensures at least two areas for improvement are included in the District/CAO Performance Plans.

MCP Manager:

- Consolidates material weaknesses and areas for concern for possible inclusion into the DCMC Business Plan and the District Performance Plan.

PLAS Program Manager/Unit Cost Manager:

- Manages the PLAS data used to consolidate direct labor information for the DCMC Business Plan and the District Performance Plan.

DISTRICT INPUTS TO PLANNING AND BUDGETING

The following laws, plans, assessment tools, and sources provide important information to the Planning process and closely related Budgeting process at the District level.

- The GPRA sets forth the ideals of planning for results and the requirements for measuring goal achievement.

- The DLA Strategic Plan communicates the Agency's mission, vision, values, and goals.

- The DCMC Business Plan consists of the Commander's Message, Foreword, Long-Range Plan, Performance Plan, and Budget Formulation Guidance.

- The POM is a long-term resourcing plan for the Command. It addresses policy and guidance issued during the Planning phase of the DoD Planning, Programming, and Budgeting System (PPBS) and translates the guidance into dollars and staffing for the next five to seven years.

- District/CAO Business Cases identify unfunded requirements for accomplishing new work and/or performance objectives.

- The RUC Estimator Model is one of the tools used by the BPT and RUC to establish baseline FTE allocations for DCMC organizations.

- PLAS reports are used for analyzing labor hours expended and for projecting labor estimates.

- USA gap analysis provides a systematic method for identifying and prioritizing management system improvements for inclusion as Performance Plan strategies/tasks. The self-assessment process also provides validation of improvement efforts previously initiated.

- Internal Operations Assessments (IOAs) are DCMC validations of an organization's USA and Management Control Reviews (MCRs). Process champions should review the Assessment Reporter for DCMC-wide information on strengths and areas of concern related to their assigned processes.

- The MCRs are critical to the development of the ASA and are identified by the risk assessment approach outlined in the MCP. Process audits are then conducted and the results are used to identify strengths and weaknesses. Corrective actions for overcoming weaknesses are described in District Performance Plan strategies/tasks. The ASA is the document that describes the culmination of all assessment results and the organization's assurance of

fiscal control in response to the Federal Managers' Financial Integrity Act requirements.

- ICS areas for improvement result from employee-identified strengths and impediments to performance. Employees provide information about organizational structure, systems, and processes, and the degree to which they facilitate or impede individual, team, and organizational high performance. Statistically prioritized strengths and areas for improvement are analyzed and incorporated into the USA gap analysis process. The highest priority gaps are included as strategies/tasks in the District Performance Plan. A minimum of two areas for improvement must be incorporated into the District/CAO Performance Plans.

- Labor estimates provide projections regarding the use of PLAS hours while non-labor estimates provide projections by object class. (Note: Projected attrition is captured in the FTE Execution Plan.)

CAO PLANNING PROCESS-OVERVIEW

Exhibit 2.6 depicts how the CAOs develop their own Performance Plans by supplementing the Performance Plan they receive at the DCMC Business Plan Workshop. After the Workshop, CAO management is briefed on the contents of the Plan and the CAO FTE/non-labor allocations. The CAO Planning Team/Group evaluates the program scope for the fiscal year and determines the skill mix needed. After reviewing the processes, they incorporate internal requirements and determine the number of hours required by each process and program. These hours are translated into FTEs and are allocated to the performance and investment goals in the Performance Plan. Prior year actuals (PLAS history) are compared against bottom-up estimates to determine the target level of performance the CAO intends to achieve. These target levels are identified in the CAO Performance Contract.

The CAO budget personnel review labor and non-labor allocations received and allocate these costs by object class summary. The CAO reimbursable monitor queries the management and planning team for estimated reimbursable earnings.

The planning and budgeting efforts are consolidated into one CAO-wide Performance Plan, Performance Contract, and Budget. After review and approval by CAO management, all documents are submitted to the District for review and, if necessary, negotiation. Once the Performance Plan, Performance Contract, and Budget documents are negotiated and approved by the District, the CAO makes any necessary adjustments and begins execution and assessment.
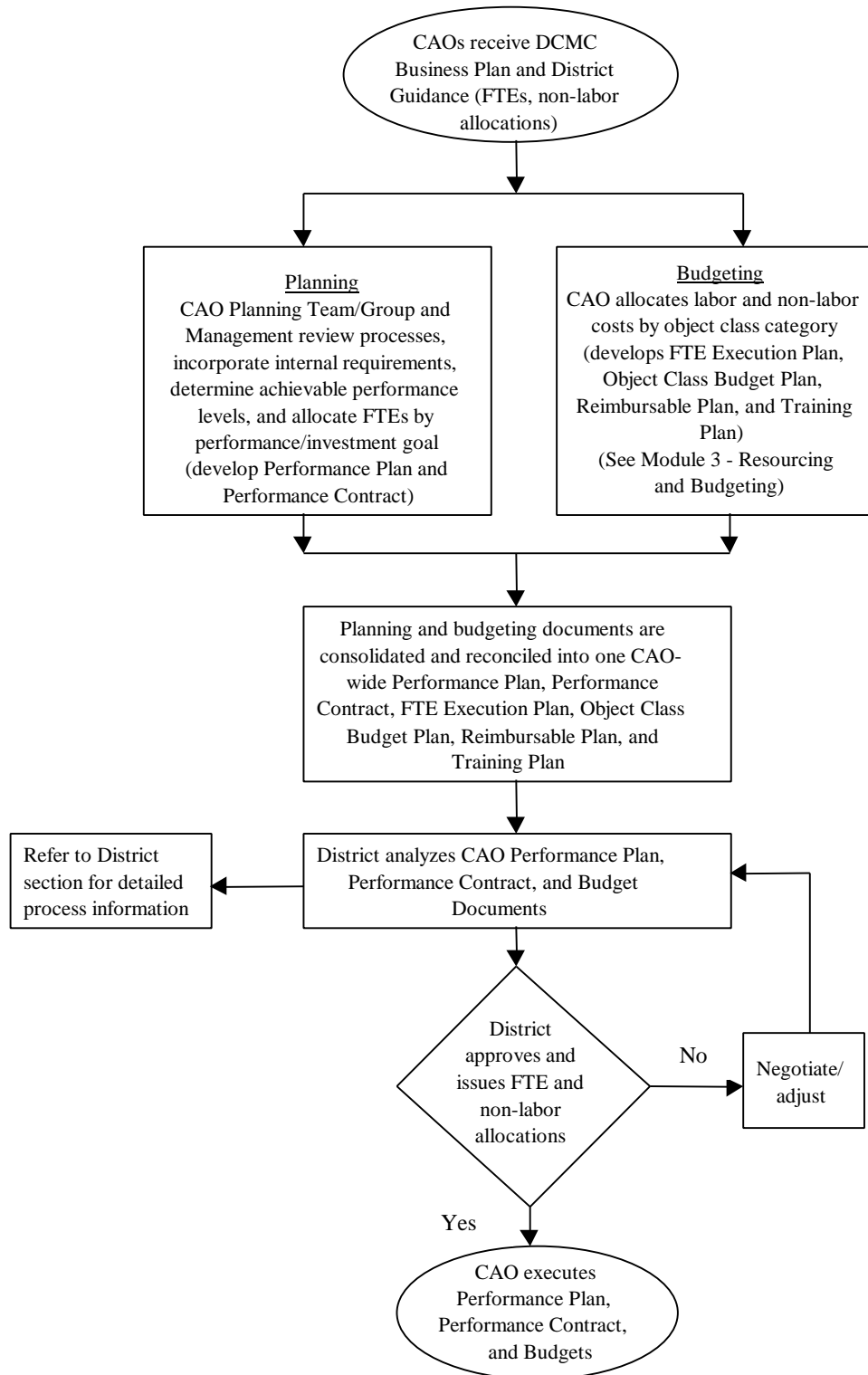
Exhibit 2.6 The CAO Planning Process

CAO KEY PLAYERS

The following is a list of the key participants and their suggested roles in the Planning process at the CAO level. These players and their respective roles may vary depending on the size and organizational structure of the CAO.

CAO Commander/Deputy:

A member of the Planning Team/Group, the CAO Commander/Deputy:

- Approve the Performance Plan, Performance Contract, and Budget; and

- Approve Business Cases.

Group/Team Leaders:

Members of the Planning Team/Group, Team/Group Leaders:

- Prepare team/group performance and budget estimates;

- Monitor team/group performance; and

- Submit updates and revisions to the Performance Plan.

Depending on the needs of a CAO, other Planning Team/Group members may be involved.

Union Representatives:

- Review and provide feedback on the labor relations portion of the Performance Plan.

Budget Monitors:

- Consolidate non-labor budget estimates;

- Allocate and monitor labor (overtime) and non-labor budget execution; and

- Monitor FTE execution.

Reimbursable Monitors:

- Prepare the estimated reimbursable earnings targets.

CAO Planning Focal Points:

- Coordinate the Planning process;

- Monitor labor hour execution; and

- Respond to requests from the District Budget/Management Analyst.

USA Focal Points:

- Coordinate the gap analysis input into the Performance Plan.

MCP Focal Points:

- Provide planning information as a result of MCRs.

Customer Satisfaction Focal Points:

- Provide planning information regarding the satisfaction levels of CAO customers.

Metrics Focal Points:

- Provide performance data; and

- Consolidate performance data for the CAO MMR or other performance reviews.

Process Focal Points (Technical Assessment Group):

- Provide process performance analysis and information.

Senior Functional Advisors (SFAs):

- Provide functional assistance by working closely with functional specialists and team leaders.

Process Champions (Operations):

- Input performance, PLAS, and workload data into various data systems used for planning.

CAO INPUTS TO PLANNING AND BUDGETING

The following laws, plans, assessment tools, and sources provide important information to the Planning and Budgeting processes at the CAO level.

- The DCMC Business Plan provides the initial requirements for a CAO Performance Plan. The DCMC Business Plan communicates the Command's priorities and strategies that will impact each CAO.

- USA results identify the strengths and weaknesses in a CAO's management system. The weaknesses, or "gaps," are analyzed and prioritized to determine which improvement activity should be added to the CAO Performance Plan.

- Reimbursable earnings estimates indicate how much time a CAO will be spending supporting contracts that will be directly reimbursed by the buying activity. These include non-DoD organizations such as the National Aeronautics and Space Administration (NASA) and foreign government requests for contract administration.

- Non-labor estimates provide the CAO with a picture of how much money is required for non-labor items such as travel, supplies, facilities costs, and purchased services.

- Labor estimates (PLAS Process Codes), document an "allocation" of all the hours associated with both direct labor (PLAS Codes 002-181) and indirect labor (PLAS Codes 191 and above). PLAS data totals in the Performance Plan should equal a CAO's FTE allocation and any additional FTE needs should be separately documented. (Note: Projected attrition is captured in the FTE Execution Plan.)

- An initial DCMC ICS survey was conducted, and CAOs selected areas for improvement resulting from the survey to augment the CAO Performance Plan.

- IOA results apply to those CAOs that have received an IOA. The assessment is an oversight visit to a CAO by DCMC Headquarters to verify and validate an organization's systems and compliance to the various contract administration rules and regulations. IOA results should be reviewed and included in a CAO Performance Plan as improvement activities.

- Mission performance results identify specific processes where a CAO needs to improve. This information drives the CAO focus, priorities, and associated funding for the CAO Performance Plan goals.

- MCR results document the various audits performed in accordance with Chapter 6.4.1 of the *One Book*. MCR results will identify internal contract administration and financial processes that need to be improved or that do not have the required management controls to ensure compliance with various contract administration and financial laws and regulations. Desired improvements should be part of the CAO's Performance Plan.

- The RUC Estimator Model data is the starting point for FTE allocations. The model takes into account various factors and recommends an FTE allocation. The DCMC RUC uses this number as the starting point for each fiscal year's FTE allocation.

- Business Cases and supporting documentation are required when a CAO requirement differs from the RUC FTE allocation. Business Cases identify unfunded requirements for accomplishing new work and/or performance objectives. The CAO will generate a Business Case to document why additional FTEs are required or when the CAO needs assistance to reduce the number of FTEs. Once a Business Case is approved, the information from the Case should be used to complete the CAO's Performance Plan.

- Risk assessment results enable a CAO to target its contract administration resources both internally among storefront teams and across the contractor base. The assessments drive/support the FTE requirements and surveillance activity considered in the Planning process.

- Other unique improvement tasks can be identified through other oversight visits, customer input, internal operations, suggestions by employees, and changes to the acquisition process. These opportunities should also be considered when drafting the Performance Plan.

CAO PLANNING/ BUDGETING TIMELINE

Planning and Budgeting Guidance *(March) (dates are subject to change)*

At the Business Plan Workshop, the CAOs are briefed on the contents of DCMC's Business Plan and the results from the BPT/RUC regarding FTE and non-labor allocations. At most CAOs, the Planning Focal Point, or a representative of the Planning Team/Group, attends the Workshop.

After the Workshop, the Planning Focal Point meets with local management to discuss the current Plan and the FTE and non-labor allocations that were distributed to the organization. Following this exercise, four events take place concurrently:

- The Program Integrators and Program Support Team (PST) members meet to discuss program requirements;

- Management reviews the DCMC Business Plan to determine applicability to the CAO, to identify performance targets, and to develop supplemental tasks to support the CAO's unique processes and activities;

- Budgeting determines FTE and non-labor costs; and

- The Reimbursable Monitor lays out the organization's reimbursable earnings requirements for the fiscal year.

Program Integrators Meet with PST *(March to Mid-May)*

The Program Integrators begin the Planning process by meeting with their respective PST members to discuss current year program requirements. Meetings and/or teleconferences are held with individual Program Offices to determine the scope of work and skill mix desired for each of the major contractual programs. The PSTs then prioritize all issues and processes and prepare a bottoms-up estimate of hours by individual and process for each major program.

Management then reviews the program estimates to ensure that a proper balance of resources has been maintained across all teams. Finally, after management approves the program estimates, the Program Integrators negotiate with their respective Program Offices to set the level of support and services the CAO will provide for the coming year.

The CAO Planning Team/Group meets to discuss program requirements with buying activities. Requirements eventually become part of a Memorandum of Agreement (MOA) between the buying activity--Program Management Office (PMO)--and the CAO. A MOA outlines the relationship between a CAO and PMO. It describes activities necessary to achieve and maintain effective program oversight. It identifies key individuals, special reporting requirements, program priorities, CAO responsibilities, and working relationships between the parties. All of this information is required to develop FTE estimates.

Management Assesses CAO Needs
(March to Mid-May)

Meanwhile, the other members of the Planning Team (the Deputy, Commander, and Group Leaders) meet to determine the CAO's unique processes and activities for the year. New tasks are added to the Plan where necessary to capture those unique CAO requirements that are not contained in the current DCMC Performance Plan. A good majority of these tasks are added for the purpose of addressing areas for improvement (gaps) identified in the CAO USA. Some of the gaps might be simply a listing of recent IOA findings and corrective action plans. Others might be work required to improve or correct deficiencies noted after MCRs are conducted. These tasks are specific to each CAO and can come from many sources. Each of these tasks should have a specific level of effort required and performance metrics, and should be included in the final FTE estimate.

Group Leaders Assign Hours to Processes
(March to Mid-May)

The Group Leaders complete the final phase of the Planning process by assigning hours to the remaining *One Book* processes. Those hours deal with the direct effort required on smaller programs, systems work that crosses all programs, and indirect effort required for normal day-to-day overhead functions in the organization.

CAOs have defined several ways to estimate PLAS hours across all of the PLAS codes. Here are two very basic examples to illustrate the process:

Example 1

1. Each team in the CAO receives a copy of the Performance Contract.

2. Each team estimates the PLAS hours for their team based on:

   – Previous year's data,

   – Known attrition,

   – Team FTE targets,

   – Performance metrics,

   – Work units (where available), and

   – Review findings (for example, Resource Reviews, IOAs, PBA, etc.).

3. CAO Planning Focal Point rolls all of the team estimates into a CAO Performance Contract.

4. CAO Planning Focal Point compares estimates to previous year's actual levels to determine if the estimate seems realistic.

5. CAO Planning Focal Point compares the result to the FTE target.

6. Unfunded requirements and the need for a Business Case are determined.

Example 2

1. CAO Planning Focal Point produces a PLAS report to determine the previous year's actual levels of hours for each PLAS code.

2. CAO Planning Focal Point compares the result to the next fiscal year's FTE target.

3. Adjustments are made to align the hours with the target number based on:

   – Known/estimated attrition,

   – Workload environment, and

   – Other unique factors.

4. Unfunded requirements and the need for a Business Case are determined.

For more information on unfunded requirements, refer to Module 3 – Resourcing and Budgeting.

Negotiating Performance Targets *(March to Mid-May)*

In addition to assigning hours to processes, CAOs must evaluate their performance against the Command-wide metrics to determine if they can meet the performance targets contained in the DCMC Performance Plan. If a CAO determines that it cannot meet a target performance level, the CAO must determine what level can be achieved. This level then becomes the basis for negotiation with the District. The result of the negotiations becomes part of the CAO's Performance Contract.

Labor Input
(March to Mid-May)

Once hours have been assigned, all the estimates are consolidated and a comparison is made with prior year actuals (PLAS history) to determine the reasonableness of the effort. Labor hour and performance estimates are then compared against the FTEs received from District and the performance targets in the DCMC Performance Plan. If initial estimates exceed FTE allocations, management reviews the proposed Performance Plan and determines if there are any tasks that can be eliminated, or possibly rolled over into a future year's Performance Plan. Those items that make the final cut are then prioritized and a decision is made as to which tasks should be classified as funded (within FTE allocation) or unfunded (exceeding FTE allocation).

Linking Planning with the Budget
(March to Mid-May)

The CAO Budget Monitor reviews the non-labor allocations received from District. The Planning Team/Group and management are queried for non-labor requirements based on inputs from their internal and external customers. That is, Group Leaders receive inputs from their employees on: travel, training, supplies, etc. Program Integrators discuss with their PST members estimated travel costs for the year. All non-labor costs must be grouped under one of the following Object Class categories:

- 021 Travel (identify travel for training separately)

- 022 Transportation

- 023 Rents/Communications/Utilities

- 024 Printing

- 025 Other Purchased Services (identify training course development and tuition separately)

- 026 Supplies

- 031 Equipment

After all inputs are received, non-labor estimates are compared with the CAO allocations received from District. If non-labor costs exceed District allocations, management prioritizes those estimates and decides if any items can be eliminated from the current year's budget. If, after further review, estimates still exceed allocations, management then determines which items should be classified as funded or unfunded.

Reimbursable Input
(March to Mid-May)

The CAO Reimbursable Monitor receives inputs regarding estimated reimbursable earnings from the Planning Team/Group and management. For CAOs located in the continental United States, this is chiefly a "fee for service" effort that the CAO performs for agencies outside DoD. For CAOs located overseas, reimbursement is based on actual expenses. This would include the Department of Energy (DoE), NASA, the Federal Aviation Administration (FAA), foreign governments, and any activity from which the CAO receives reimbursement for support services provided.

Estimates usually take the form of a delegation specifically describing the work the CAO will do or the services to be provided, for example, facilities, telecommunications, etc. Individual functional specialists, that is, Quality Assurance Representatives (QARs), review the delegation and provide the Reimbursable Monitor with an estimated number of hours required to perform the work.

CAO-wide Consolidation
(March to Mid-May)

Once the planning, budgeting, and reimbursable inputs have been received, labor hours and non-labor costs are consolidated into a CAO-wide Budget, Performance Plan, and Performance Contract. Hours are allocated to the various goals and tasks in the Performance Plan, and non-labor dollars are allocated against object class categories in the Object Class Summary Budget worksheet. A copy of the CAO's proposed Performance Plan, Performance Contract, and Budget is then sent to District for approval. A Business Case is provided for unfunded items.

It is expected that a CAO will not know all of the elements of the Performance Plan during this preliminary estimating process. Specific areas for improvement, workload indicators, and unknown attrition will likely change the Plan later in the year.

District Review
(Mid to End of May)

The District then reviews the CAO's Performance Plan, Performance Contract, and Budget and notifies the CAO if its Plan and Contract have been approved or disapproved. CAO Business Cases are also reviewed and adjustments are made to the CAO's funded FTEs and non-labor allocations when it is within the District's authority (within 10 percent or 10 FTEs) to do so.

RUC Process
(End of May to End of June)

After the Districts consolidate CAO Performance Plans, Performance Contracts, and Budgets, DCMC completes its approval process. The RUC meets and makes final adjustments to FTE allocations based on the Plans, Contracts, and Business Cases submitted.

Revisions after RUC Decision

(June to September)

DCMC informs the Districts of their final allocations, and the Districts notify the CAOs. This ends the initial Planning process. CAOs may make changes, additions, or tradeoffs that would make their case for a change to the FTE allocation. However, changes to FTE allocations are very rare at this stage of the process.

Congress Approves DoD Budget

(Normally during the first quarter of the fiscal year)

Normally, the President signs the DoD Budget during the first quarter of the fiscal year. Once this occurs, DCMC knows exactly what level of funding has been approved. After the Districts and CAOs learn of the actual funding levels, there may be a need to update their Performance Plans, Performance Contracts, and Budgets. CAOs are now expected to execute to their approved Performance Plans, Performance Contracts, and Budgets.

Performance Plan Execution

(Throughout the fiscal year)

At this point, the CAO begins execution of its newly approved Performance Plan, Performance Contract, and Budget. Management reviews are held monthly by management to assess the level of performance achieved at a given level of output. Budget variances and performance measures are tracked, and results from assessments such as USAs, ICS surveys, and MCRs are analyzed. Important resourcing decisions are made by management as a result of the data presented in these monthly meetings. That is, some shifting of resources may occur between programs and processes depending on what the CAO's overall performance and output goals are.

Adjustments to Plan

(Quarterly or as required)

As discussed above, the CAO may need to adjust its Performance Plan, Performance Contract, and Budget periodically to accommodate workload changes, local strategies and priorities, and/or reflect changes that have been flowed down by the District. Reprogramming of CAO resources (skill mix, process hours, non-labor costs, etc.) may also be necessary as contracts and programs are added or deleted during the year due to changes in DoD's strategic direction. The CAO will need to provide a Business Case if additional resources are required for those new contracts or programs, or return the FTEs if surplus resources are identified.

Plan Re-Submission

(Quarterly as necessary)

Once the Performance Plan, Performance Contract, and Budget have been revised and the hours and non-labor dollars reallocated to the goals and tasks in the Plan, the CAO submits the new Plan to the District for approval. This process is repeated continually throughout the year as necessary.

SUMMARY   The development of a District and CAO Performance Plan is a significant event in the IMS. The Performance Plan provides a framework within which employees can execute, assess, and take corrective/improvement action. Successful development and execution of the Performance Plan will ensure that DCMC's goals and objectives are aligned with the District and CAO strategies, structures, systems, and budget allocations.